



**CHICAGO**  
**INFRASTRUCTURE**  
**TRUST**

## **Board of Directors Meeting**

10.16.2014



## 1. Organizational Matters

- Approval of July 17th Minutes
- 2015 Board of Directors Meeting Schedule
- 2013 Annual Report
- Administrative Activities
- Whistle-Blower Policy
- Employee Manual – Version 1.0
- Budget

## 2. Project Updates

# Approval of July 17<sup>th</sup> Minutes



## MEETING MINUTES

RESOLVED, that the minutes of the meeting of the Board of Directors held on July 17, 2014, in the form previously provided to the members of the Board of Directors, be and hereby are approved.

## GENERAL

RESOLVED, that in order to fully carry out the intent and effectuate the purposes of the foregoing resolutions, any of the Trust's officers be, and each hereby is, authorized to take all such further actions, and to execute and deliver all such further agreements, instruments, documents or certificates in the name and on behalf of the Trust, and under its corporate seal or otherwise, and to pay all such fees and expenses, which shall in their judgment be necessary, proper or advisable and to perform all of the obligations of the Trust in connection with the foregoing resolutions.

# 2015 Board of Directors Meeting Schedule



## 2015 Meeting Dates

- Thursday, 5 March
- Tuesday, 21 April
- Friday, 26 June
- Wednesday, 23 September
- Wednesday, 18 November

# 2013 Annual Report Highlights



- The adoption of all internal policies required by the Trust's Bylaws
- The implementation of a detailed Contracting Manual that provides a transparent, comprehensive guide to doing business with the Trust
- The approval and negotiation of the Trust's first project, Retrofit One, in which the Trust facilitated the design and financing of energy upgrades in 60 public buildings in the City of Chicago, with the cost savings from such upgrades being used to repay the loans advanced by the private sector to fund such upgrades
- The introduction of a new public finance tool in the form of an Energy Services Agreement ("*ESA*"). The *ESA* allows the City of Chicago to participate in infrastructure financing that remains off-credit and off-balance sheet, thereby maintaining the City's credit ratings and borrowing capacity. The *ESA* is also replicable for a wide variety of public financings
- The Trust received an unqualified audit opinion on financial statements for 2012 and 2013

# Approval of 2013 Annual Report



WHEREAS, Section 11.2 of the Trust's Bylaws requires that the Trust prepare, and the Board of Directors approve, an annual report that details the activities and accomplishments of the Trust for the prior year, including, without limitation, information as to infrastructure projects financed or supported by the Trust and the annual audited financial statements of the Trust.

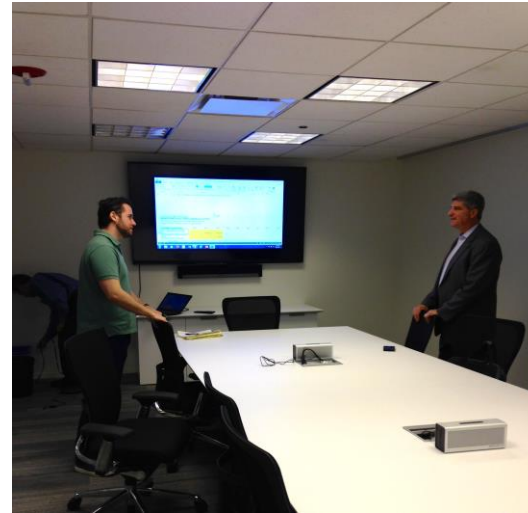
NOW, THEREFORE, BE IT RESOLVED, that the 2013 Annual Report of the Chicago Infrastructure Trust, in the form previously provided to the members of the Board of Directors, be, and hereby is in all regards, approved, and that management of the Trust be authorized to release such Annual Report for public inspection and to disseminate such Annual Report to the persons and in the manner prescribed by the Trust's Bylaws.

# Administrative Activities

- New Hires
  - Mike Mirretti, Managing Director
  - Rhea Coleman, Office Manager
- New Information Technology Architecture
  - Website redeployment
  - Establishment of internal architecture/systems
  - New communications infrastructure
- Completed unmodified audit for 2013 and 2012 stub year
- New Office
  - Located at 35 East Wacker Drive in the historic Jewelers' Building
  - August 11, 2014 move-in



# Administrative Activities



- 13 Work Stations
- 4 Interior Offices
- Conference Room





# Whistle-Blower Policy



- In order to ensure that the Trust maintains its business reputation and fulfills its commitment to operate with the highest ethical standards and transparency, we have drafted a whistle-blower policy
- This policy encourages employees and others to report to appropriate representatives of the Trust, without fear of retaliation, certain information relating to accounting fraud, ethics violations and other complaints
- Provisions of the policy include:
  - Opportunities for employees or others to submit concerns on a confidential or anonymous basis
  - Responsibilities of the Trust leadership to investigate and report violations to the Board of Directors
  - A process for reporting violations or concerns to the Trust, or to the Trust Board of Directors, who are totally independent of the Trust's management
  - A mechanism for responding to, and keeping records of, complaints

# Approval of Whistle-Blower Policy



RESOLVED, that the Whistleblower Policy, in the form previously provided to the members of the Board of Directors, be and hereby is adopted and approved.

# Employee Manual – Version 1.0



- In order to develop as a high-performing professional organization, the Trust has drafted an employee manual designed to
  - Standardize procedures
  - Establish best practices
  - Fulfill auditing requirements
- The manual takes a comprehensive approach to articulating workplace expectations and processes for staff members, contractors and interns
- We developed the employee manual by adapting material from a variety of sources, so that it meets the specific needs of the Trust and to those who come to work for the Trust in any capacity
- The manual will be open to revision as the Trust evolves
- Additionally, this manual provides the basis for obtaining and offering benefits to employees

# Approval of Employee Manual



RESOLVED, that the Employee Manual, in the form previously provided to the members of the Board of Directors, be and hereby is adopted and approved, and that the Executive Director be, and hereby is, authorized and empowered to establish and administer the employee benefits required under the Employee Manual.

# Statement of Financial Position

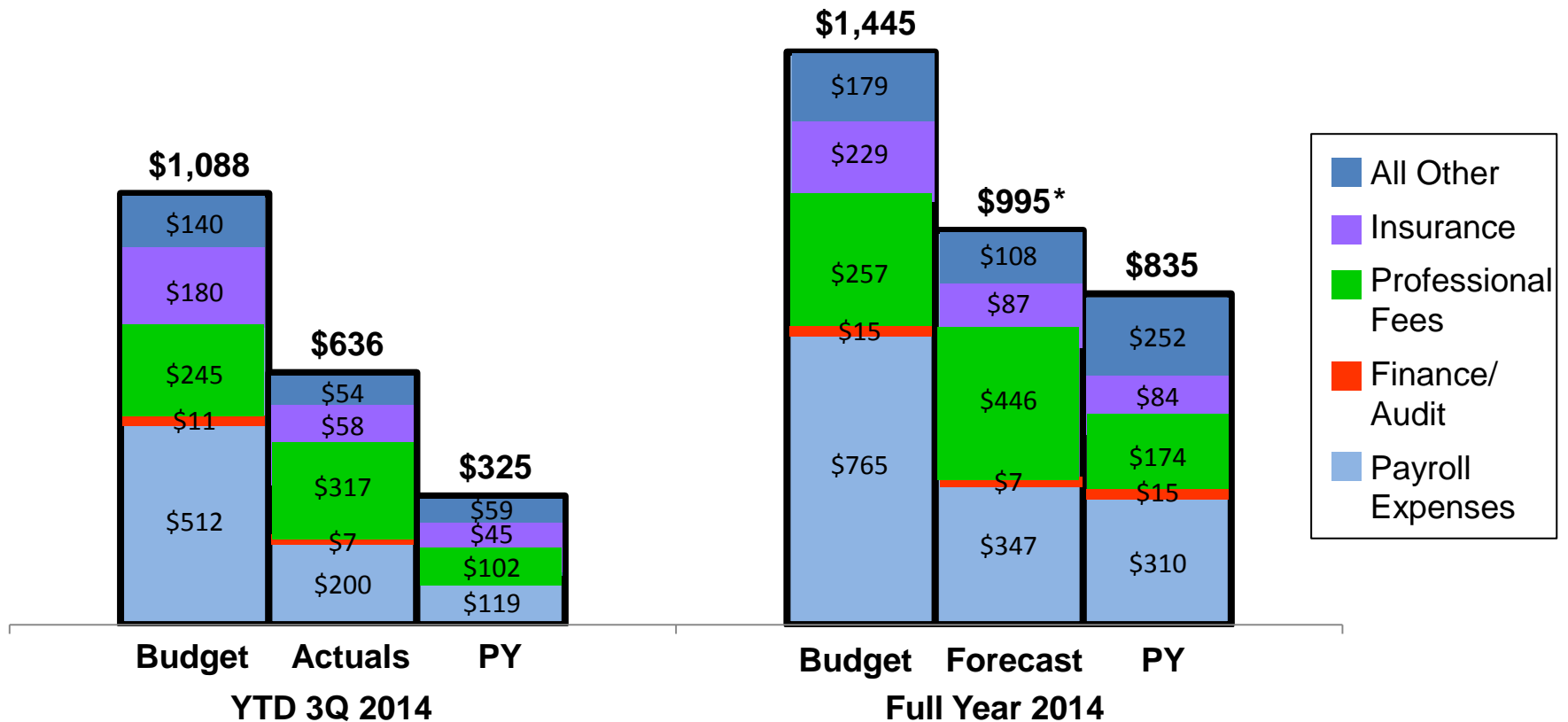
## As of 30 September, 2014



ASSETS		LIABILITIES AND EQUITY	
Current Assets		Liabilities	
Bank Accounts		Current Liabilities	
Checking	\$ 92,915	Accounts Payable	
Project Account	40,257	Accounts Payable (A/P)	\$ 103,565
Visa Debit Account	9,745	Total Accounts Payable	103,565
Total Bank Accounts	142,916	Other Current Liabilities	
Accounts Receivable		Accrued Expenses	14,077
Accounts Receivable (A/R)	14,077	Deferred Revenue	41,825
Total Accounts Receivable	14,077	Direct Deposit Payable	-
Other current assets		Direct Deposit Payable (deleted)	-
Prepaid Expenses	2,914	Payroll Liabilities	
Total Other current assets	2,914	Federal Taxes (941/944)	12,190
Total Current Assets	159,907	IL Income Tax	1,960
Fixed Assets		IL Unemployment Tax	-
Fixed Assets		Total Payroll Liabilities	14,150
Computers	48,642	Total Other Current Liabilities	70,053
Total Fixed Assets	48,642	Total Current Liabilities	173,618
Furniture & Fixtures	12,822	Equity	
Total Fixed Assets	61,463	Net Assets	-
TOTAL ASSETS	\$ 221,371	Net Income	47,753
		Total Equity	47,753
		TOTAL LIABILITIES AND EQUITY	\$ 221,371

# Budget Overview

## Chicago Infrastructure Trust Budget, 2014 (\$1,000)



\*Excluding Benefits, New Hires

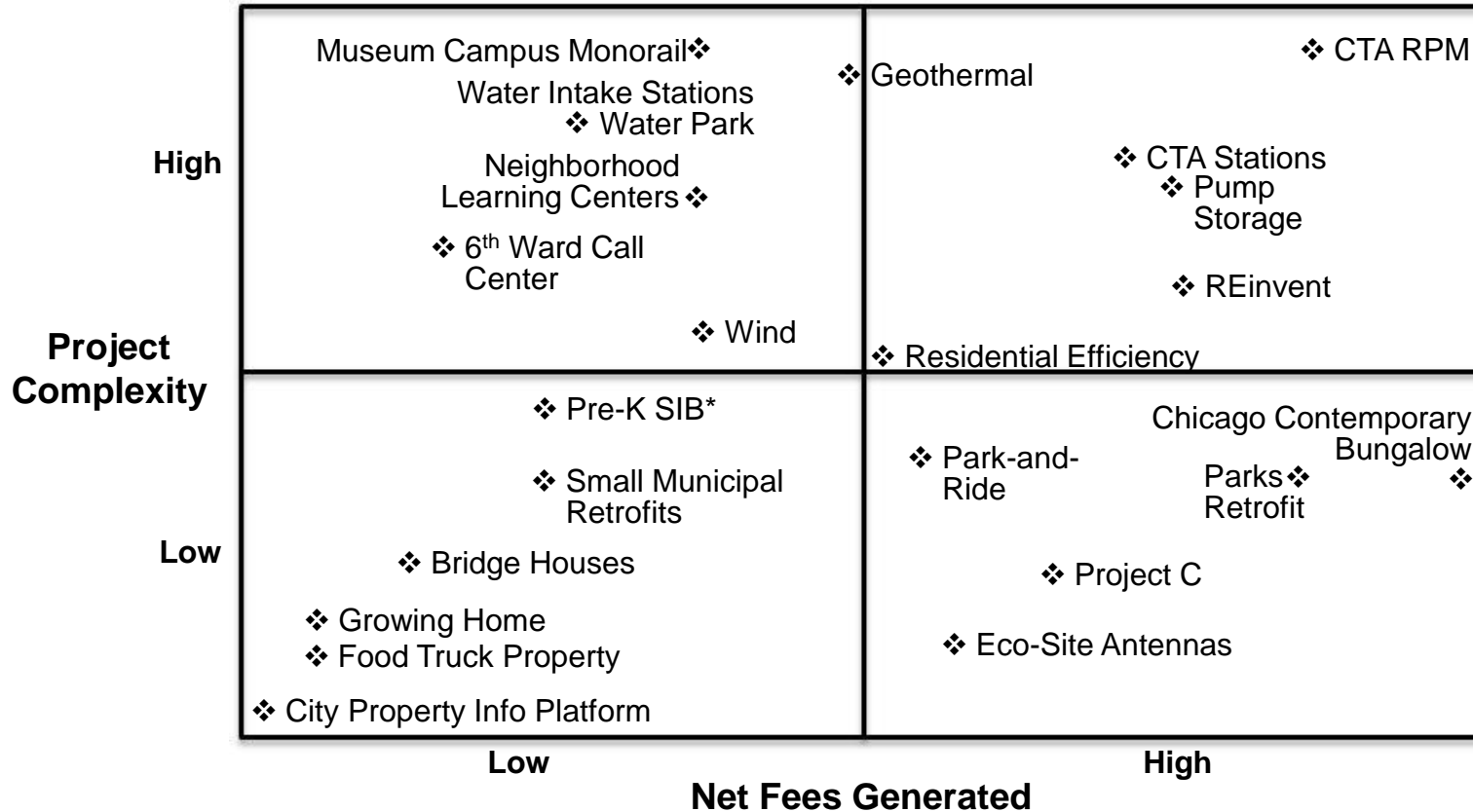
# Agenda

1. Organizational Matters

**2. Project Updates**

- Project Matrix
- Chicago Contemporary Bungalow Summary
- Retrofit 1.0 Scorecard and Progress
- Energy Projects: Aquatic Centers, PACE, Chicago Light Grid
- Combined Heat and Power (CHP)
- Compressed Natural Gas (CNG)
- CTA 4G Distributed Antenna System (DAS)

## Chicago Infrastructure Trust Project Matrix

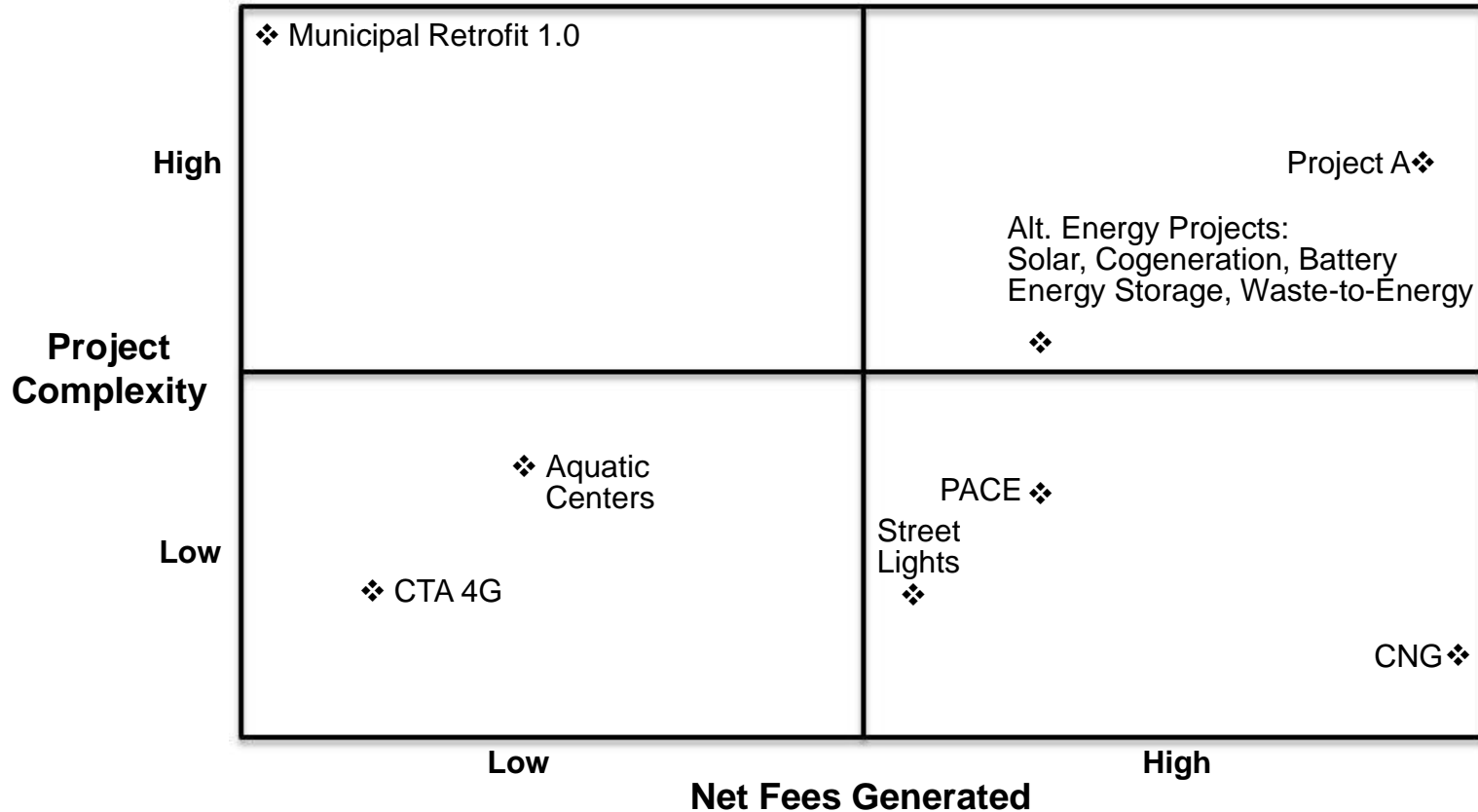


\*Completed by IFF, City and investors on 7 October 2014

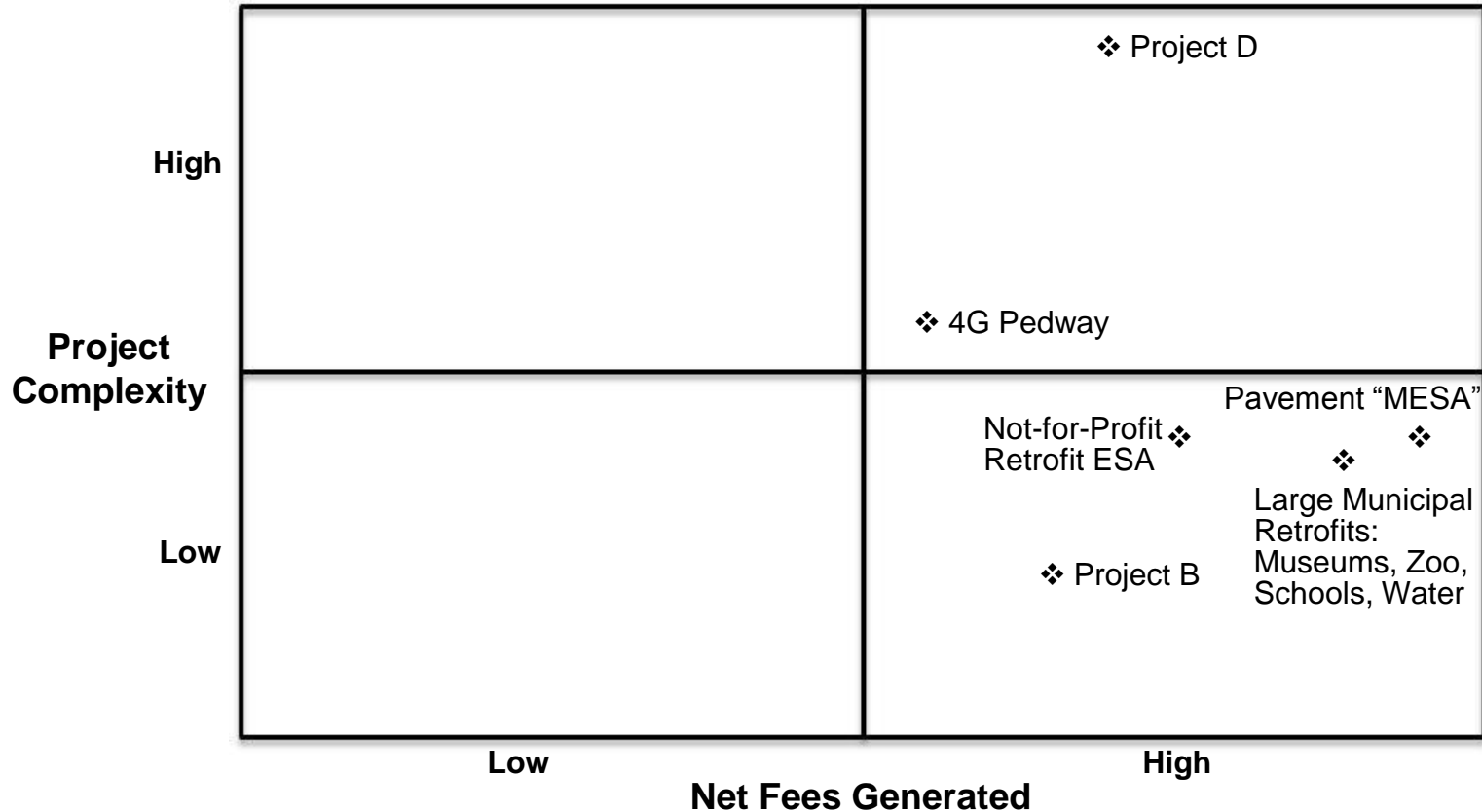


# Approved or Proposed Initiatives

## Chicago Infrastructure Trust Project Matrix



## Chicago Infrastructure Trust Project Matrix



# Chicago Contemporary Bungalow After Action Summary



- Project Status: Inactive
- Proposition: Address Chicago's shortage of affordable housing and restore City-owned vacant lots to productive use by introducing a Chicago Contemporary Bungalow (CCB)
  - The Chicago Housing Authority (CHA) waiting list includes 40,000 names
  - Chicago owns over 15,000 vacant lots
  - The innovative use of containerized housing could create attractive homes at a price lower than traditional stick-built housing
- Guiding Principles: Based on affordable housing key learnings

Key Learning	Implication
Housing that looks like a place of “last resort” stigmatizes residents and discourages upkeep	Design housing that is desirable and encourages pride in residency
Insufficient maintenance over time undermines pride in residency	Provide sufficient funding to ensure long-term maintenance
Supply of subsidies and tax credits are limited, and they create constraints	Business model must work with an affordable rent (\$400 - \$800), and not rely on subsidies or tax credits

# Chicago Contemporary Bungalow After Action Summary



	Project Team	Actions
<b>Phase 1</b> <b>May – June, 2014</b>	For-credit intern team from the University of Chicago Booth School Private Equity Lab	Build a high-level financial model to understand costs and feasibility of CCB proposition <ul style="list-style-type: none"> <li>• Interviews with manufacturers</li> <li>• Meeting with Community Investment Bankers</li> <li>• Research of renewable State grants</li> </ul>
<b>Phase 2</b> <b>July – September, 2014</b>	<ul style="list-style-type: none"> <li>• Mike Mirretti, CIT Staff</li> <li>• Aaron Rosenberg, Summer Intern from the University of Chicago Harris School</li> <li>• Adam Helman, CIT Contractor</li> </ul>	Validate Phase 1 model, exploring financing options, availability of tax credits and subsidies, and demand-based site selection by meeting with: <ul style="list-style-type: none"> <li>• City of Chicago Department of Buildings</li> <li>• Federally-certified CDFIs</li> <li>• Foundations and not-for-profits focused on affordable housing</li> <li>• Affordable housing and manufactured housing developers and manufacturers</li> <li>• Building trade union leaders</li> </ul>

**Key Finding:** Although it may be possible to manufacture, install, and maintain containerized housing with monthly rents of \$400 - \$800, the resulting homes would not be desirable for residents in terms of design and neighborhood fit.

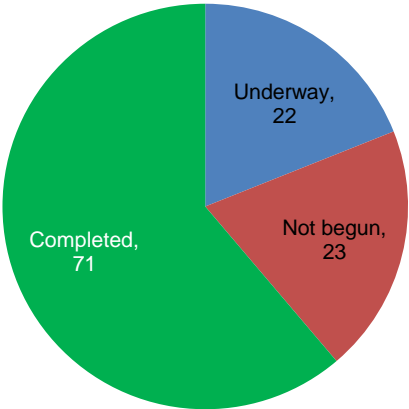
The Trust may revisit this project in the future through a design competition in which architecture student teams would be invited to submit designs that charge affordable rents and would be desirable for residents.

# Retrofit 1 Scorecard

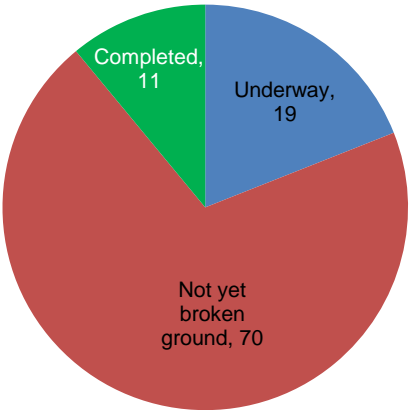


ECM INSTALLATIONS: **ON TRACK**

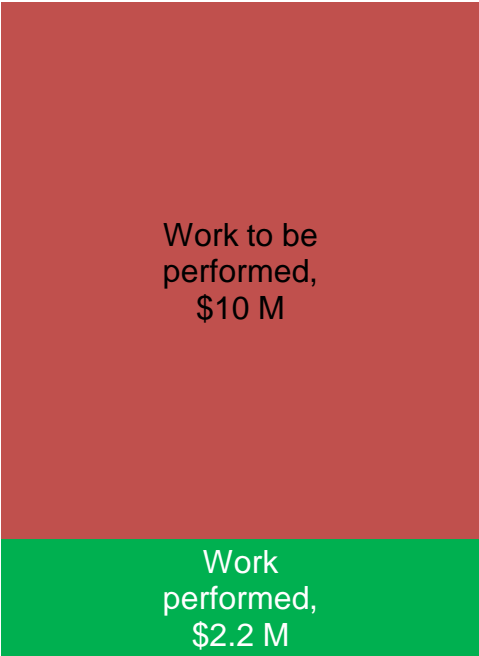
Design,  
Development,  
Permitting and  
Approvals



Construction



FUNDS: **ON TRACK**



Potential Scope Changes: City Hall; Woodson Library

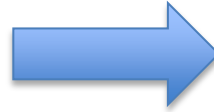
Other Concerns: Timing and Process of Change Order Funding

# Retrofit One Highlights

## Harold Washington Library



*Before*



*After*

# Retrofit One Highlights

## Police Training Academy



Installation of energy efficient lights in Classroom



Installation of upgraded lights in shooting range



Installation of motion sensors throughout building

*"Please extend my gratitude to the EnerLight crew. The lighting upgrades at the Academy have been completed on time as promised. The crew was quick, efficient, and courteous."*

# Retrofit One Highlights

## 2FM Engineers trained on latest technologies being installed





# Energy Project Overview



## Solar

- Community Solar pilot request being filed with ICC and IPA in next 2 weeks alongside City and major IL environmental NGOs
- Community Solar could utilize a utility-scale covered landfill site currently the subject of an unsolicited proposal
- Additional behind-the-meter solar projects for City and Sister Agencies will be developed in coming months for bid into 2015 IL SREC Commercial-scale Auction

## PACE

- PACE City ordinance drafted by CIT, Kirkland, City and EDF
- Additional questions for PACE financiers and project partners being sent out this week
- Answers will confirm whether lenders have appetite to back City PACE program once City ordinance is passed; if they do, will advance to City Council in late 2014 and still have opportunity for \$500K contractor training & education funding from DCEO

## Retrofit 2

- Schools completing final engineering review of all ECMs recommended in Phase 1 Energy Audit, Parks already completed
- Next step: present Contingent Investment Grade Audit contract to Schools' and Parks' Boards
- Decided to include all outdoor lighting ECMs identified at Parks in Streetlights project

## Streetlights

- Complete RFI drafted by CIT and is now being reviewed by relevant City Departments and Sister Agencies
- Project likely to include many low-cost platform technologies plus an API system for additional software applications to be developed over time

# Combined Heat and Power: Collaborative Proposal

## Program description

- Add combined heat and power systems to City and/or Sister Agency buildings, saving money and energy
- Privately finance the project through energy and operational savings

## Catalyst

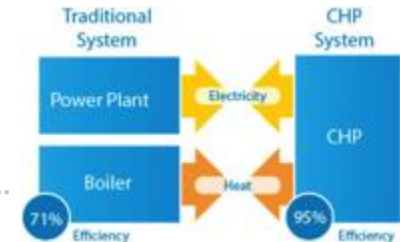
- Application for up to \$2M IL DCEO (Department of Commerce and Economic Opportunity) grant for public sector CHP systems due mid-November
- City seeks to reduce costs and energy consumption
- City wants to meet 2015 Sustainability goals

## CIT's Value

- CIT will work across City Departments, Chicago Park District, Chicago Department of Aviation and CPS to identify best City or Sister Agency buildings for CHP systems
- CIT will work with private sector company to develop a collaborative proposal for a CHP system by mid-November DCEO deadline
- CIT can issue tax-exempt debt, bringing down cost of capital for project
- CIT can finance CHP project in off-credit, off-balance sheet structure

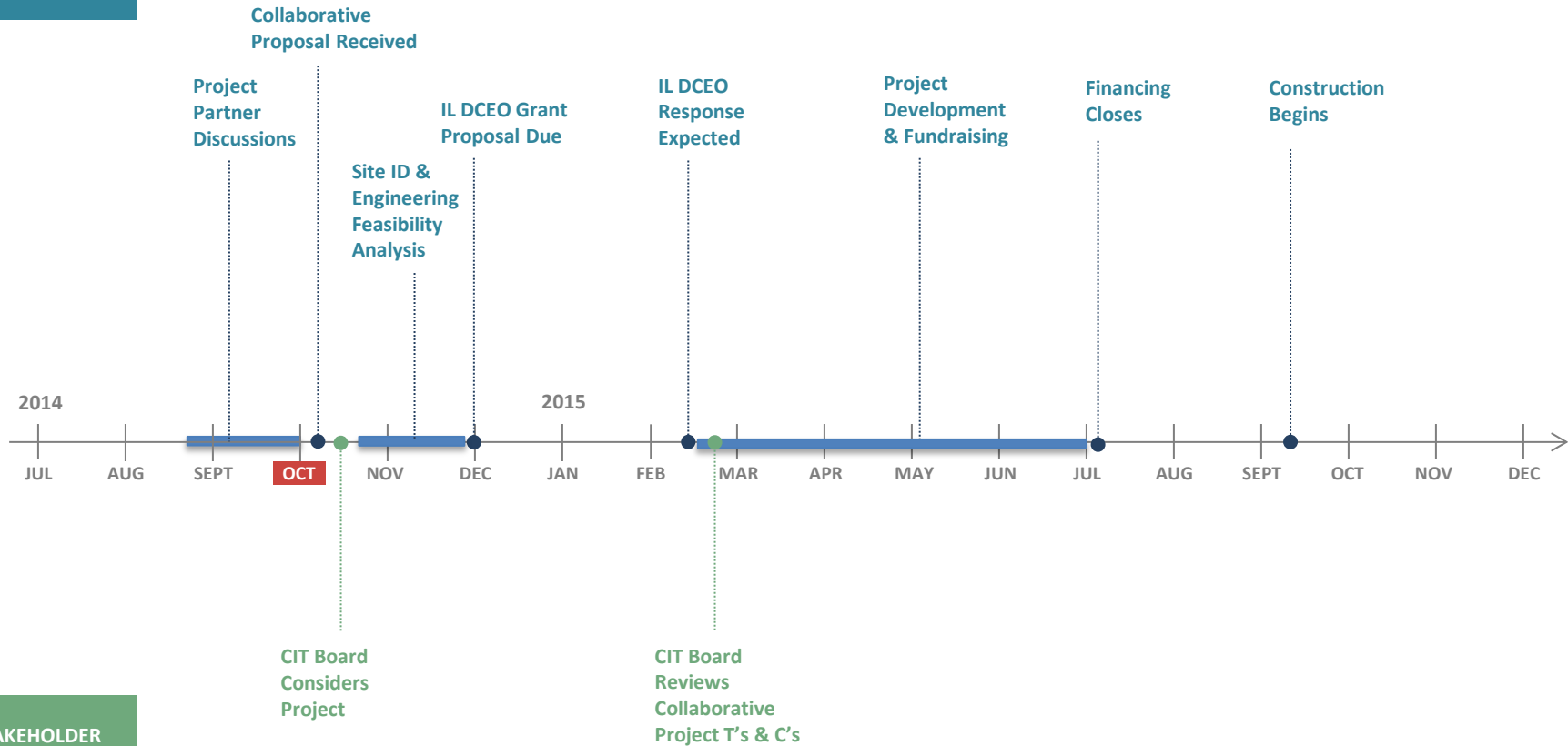
## Impact

- Achieve energy savings
- Reduce City CO<sub>2</sub> emissions
- Create jobs
- Improve air quality



# Development Timeline

PROGRAM  
DEVELOPMENT



STAKEHOLDER  
ENGAGEMENT

# Compressed Natural Gas Update



- The Trust has received an unsolicited proposal from a leading national provider of CNG fuel. This firm also designs, constructs, operates and maintains their own fueling stations.
- In accordance with the process defined in the Trust's contracting manual, the Trust is preparing materials for the Open Bid Process to solicit additional proposals from CNG providers, auto manufacturers and technology providers.
- The Trust is engaging with well-regarded compressed natural gas experts on either a pro-bono basis or funded through federal programs to assist in the Open Bid Process and develop the program.
- Trust is also in initial discussions with the Chicago Clean Cities Coalition, the Illinois and Chicagoland Chambers of Commerce, the Gas Technology Institute, the National Renewable Energy Laboratory and Argonne National Laboratory to co-host a public forum for private sector fleet outreach to encourage program participation.

# CTA 4G Das Update



- The Trust responded to a request for assistance from the Chicago Transit Authority to identify cost-effective financing strategies to pay for 4G wireless upgrades to the CTA's subway system.
- Accordingly, the Trust devised a strategy and reached out to the four major wireless providers and worked with them to form a unified Carrier Team with the intent of fully paying for these upgrades.
- Trust asked for and received a term sheet from the Carrier Team and is currently assisting the CTA in negotiations to come to final terms with the Carriers.

WHEREAS, the Board of Directors has previously authorized the negotiation of the terms on which a consortium of wireless carriers (the “Consortium”) would finance an upgrade to the distributed antenna system in the Chicago Transit Authority’s red and blue line subway tunnels (the “CTA 4G Upgrade Project”);

NOW, THEREFORE, BE IT RESOLVED that the management of the Trust be, and hereby is, authorized to negotiate and execute a services contract between the Trust and the Consortium, on such terms as the Executive Director of the Trust shall deem necessary, reasonable or appropriate.